1990 ANNUAL REPORT

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

93-02753/

1990 ANNUAL REPORT

DIRECTORS

Richard Wright, Wawota	Chairman
Ben Gaudet, Bellevue	Vice-Chairman
Harvey Wagner, Hague	Vice-Chairman
Irvin Yorga, Flintoft	
Donald Kolla, Cudworth	
Rick Klassen, Watrous	
Peter Volk, Tramping Lake	

ADMINISTRATION

Jim Morris	General Manager
Don Hrapchak	Sales Manager
Ron Belke	Assembly and Transportation Manager
Larry Walker	Office Manager/ Accountant
Sharon Perkins	Promotions Manager
Monique Tremblay	Technology Transfer Coordinator
Jack McClung	Information Officer/Editor Saskatchewan Pork News

HEAD OFFICE

502 Forty-Fifth Street West
Saskatoon, Saskatchewan
S7L 6H2

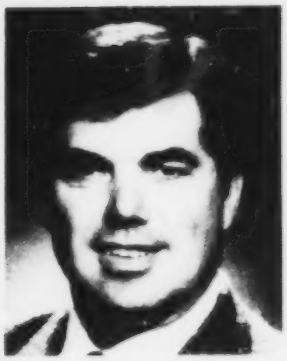
1990 MARKETING SUMMARY

	1990	1989
Total Hogs Sold (Saskatchewan Origin)	961,625	1,069,956
Hogs Settled by Small Plants and Sow Auctions	39,940	37,506
Total Saskatchewan Production	1,001,565	1,107,462
Active Producers	3,853	5,371*
Gross Paid to Producers	$112,673,675.60 (1989) $124,209,225.08 (1990)	
Weekly Delivery Highlights		
High - Week ending Feb. 10	22,023	
Pool price that week	$139.10	
Low - Week ending July	15,431	
Pool price that week	$176.50	
Average weekly deliveries	18,927	20,576
Grading Highlights		
Average Index (excluding 67's)	104.4	103.0
% hogs grading 101 and over	78.5	67.2
Average hog weight, dressed (kg)	80.5	80.1
Price Highlights		
Average hog price ($/ckg, dressed, index 100)	$154.10	$127.64
Average gross value per hog	$128.16	$105.32
High - Pool price week ending June 9	$187.50	
Low - Pool price week ending January 6	$120.40	
Sow Sales		
Number	22,523	
Average sow price ($/ckg, dressed, #1 Heavy)	$114.09	$85.18
% Total Marketings	2.34	
Boar Sales		
Number sold	5,838	5,063
Average price ($/ckg, live)	$50.03	$42.03

*January 1, 1989 to September 30, 1989.
Note: Prices expressed in dollars per 100 kilograms; weights expressed in kilograms

"Our ownership experiences in other segments of the industry are proving worthwhile and giving us the confidence to meet new challenges and opportunities."

CHAIRMAN'S MESSAGE



As I look back on it, the first year of the last decade of the 20th century was eventful. I realize that major developments on the world stage influenced our economy and our industry more than ever. Leadership and wise counsel were called upon.

In 1990 we witnessed the spectacle of a country run by a ruthless and misguided dictator. We saw the further dismantling and attempted reworking of an economic system and political philosophy which at one time we believed threatened to take over the world. To no one's surprise, we saw the failure of the GATT talks. Closer to home, we saw the major company in the packing industry here cut back its hog kill by more than 50% and the resultant dislocation of hog deliveries. We continued to encounter man-made difficulties in trading pork products south of the border. We started to hear of animal rights, environmental issues, and strategic planning.

The future is often like the weather in the month of March. What starts out rather stormy can end up with good signs in the sky and on the horizon. Unfortunately, some people only see the storm clouds. In life, the clear sky only happens when people rise to the occasion and do the right things to bring about favourable conditions.

The first major sale of pork products from Canada to an Eastern European country took place in 1990. Ten thousand tonnes of frozen pork found its way to the USSR with a major portion originating from Saskatchewan. We took a sales opportunity to Japan and reopened the door to continuing sales there. Other opportunities were identified and pursued such that our involvement in the marketing system was enhanced. Our ownership experiences in other segments of the industry are proving worthwhile and giving us the confidence to meet new challenges and opportunities.

Being a producer of pork these days is a challenging job and success comes with a lot of hard work, good thinking, good timing, and wise decision making. The same qualities are needed to guide our activities beyond the farm gate and into the marketplace. The Board needs good people with the foresight and ability to develop its plans, determine courses of action and execute the workload and the decisions of the Board.

During the past year many of our members and others offered their services to help on the Board, on committees, and with industry events. Their help and input is appreciated, and we should be thankful for tasks carried out well. Our workload will expand and broaden as our business and responsibilities grow. We will continue to depend on a capable and committed membership to carry out the Board's work in the future.

The next ten years leading up to the beginning of the third millennium will be especially important. Some probably see the dawn of the next century as a special time, even the beginning of a new age. However, it will only become something special if we choose to make it so.

R.C. Wright

Richard Wright
Chairman

"We will continue to depend on a capable and committed membership to carry out the Board's work in the future."

OPERATIONS SUMMARY

In spite of the many pressures the Saskatchewan Pork Producers Marketing Board faced during the year, we successfully achieved a small operating profit in 1990. Reduced throughput, cost increases, and severe late year pressure on fuel prices, combined with a hold-the-line policy on the producer marketing levy and assembly and transportation costs, made this year an especially challenging one.

Several major changes in external market opportunities tested the Board's ability to be creative and adjust to change. We changed hog delivery patterns to cope with a major cut-back in in-province hog slaughter. After being forced to curtail meat sales to the U.S. because of American border inspection harassment and poor profitability, we responded by seeking alternate markets for our products.

The Board was a major supplier in the first-ever Canadian pork sale to the USSR. The sale was made possible by the joint efforts of the Board, the Canadian government's Agricultural Products Board, and Garth Larson, former SPPMB Chairman. Prospects for further sales are dependant upon availability of hard currency and the Baltic political situation.

The Central Assembly Yard system concluded 1990 in a break-even position. The system was well in the black for the first three quarters of 1990 but this was offset by fourth quarter losses attributable to the Gulf situation's impact on fuel prices. The heavy fourth quarter losses will force a modest assembly and transportation increase in 1991.

Construction of a new assembly yard at Swift Current was begun in 1990 and at year end, the facility was about fifty percent completed.

With Moose Jaw Packers accepting the bulk of deliveries from the Moose Jaw area, continued operation of the SPPMB Central Assembly Yard service at the Saskatchewan Wheat Pool in Moose Jaw became unnecessary and was discontinued in July.

Krop Transport purchased two triaxle and one tandem axle unit to increase the fleet size to six trailers, one owned tractor, and three lease power units. The company returned a reasonable profit in 1990 primarily due to good backhaul utilization.

Moose Jaw Packers experienced several major disruptions in 1990. The first was the cancellation of a U.S. supply arrangement due to 'unofficial' U.S. border harassment and the implementation of 'at border' meat inspection which left Saskatchewan without an inspection point. The cancelleJ U.S. supply arrangement was replaced with a longer term arrangement with Japan. A shon strike occurred in August which disrupted operations. A hide fleshing operation was added in 1990. The company again achieved a profitable year and was again constrained by capacity limitations.

We continue to explore a name change for the Saskatchewan Pork Producers Marketing Board. It seems appropriate to remove the words 'Board' and 'Saskatchewan' because they project an image of supply management and government involvement, while the word 'producers' means nothing to present and future customers. In addition, the current name does not satisfactorily project the Board's more diversified nature and continued expansion into what is becoming a global marketplace.

At year end we are continuing to develop a program to provide producers with the option of electronic banking. Some improvements were made to the computerized settlement system.

The Board continued to administer the federal Tripartite Stabilization Program and the provincial Saskatchewan Hog Assured Returns Program (SHARP). SHARP will be fully phased out March 31, 1991.

The Board held twelve regional meetings in February, published and distributed 3,300 free weekly newsletters, participated in many industry meetings, and filled requests for speakers and for information.

Our video tape library continued to expand through the Technology Transfer Program, and the program coordinator continued to assist producer groups.

The Board continued to be a major financial supporter of the Canada Pork Promotion program and to supplement the program with local activities.

Due to declining hog volumes, a modest increase in the marketing levy will be necessary in 1991, if the financial position of the Board is to be maintained

Jim Morris
General Manager

"Several major changes in external market opportunities tested the Board's ability to be creative and adjust to change."

MARKET REVIEW

A decline in hog production generally brings about increases in prices, and 1990 was not an exception. SPPMB sales dipped below one million hogs for the first time in three years. The actual downturn in sales was 10.3 percent. With the decline in numbers, the price of hogs moved up and averaged $154.10/100 kilograms, an increase of 20 percent over 1989. Markets were higher but did not follow the normal seasonal pattern of prices. The first quarter average price was $135.43/100 kilograms. Prices skyrocketed during May and June pushing the second quarter average price to $167.24/100 kilograms — the highest quarter of the year. The third quarter price, usually the highest or the strongest, averaged $165.48/100 kilograms. The fourth quarter average price was $148.83/100 kilograms.

Saskatchewan's largest meat packer, Intercontinental Packers of Saskatoon, decided to cut back hog kill dramatically in 1990. Due to this corporate decision, approximately 270,000 fewer hogs were killed in Saskatchewan compared to 1988 and 1989. To compensate for this reduction, almost 200,000 hogs were sold in other provinces. This represented 20 percent of Saskatchewan's production, up from the three percent in 1989.

USA live sales remain constant with sales of 67,000 hogs. The Saskatchewan Pork Producers Marketing Board was also involved in two major pork sales, one through Intercontinental Packers and the other through Moose Jaw Packers. Saskatchewan was part of the Canadian sale of 10,000 tonnes of Canadian pork to the USSR. The Saskatchewan contribution was 32,500 hogs.

Through Moose Jaw Packers, the SPPMB sold 42,000 hogs that were destined for the Japanese market. This was a break-through sale as it provided the Pacific Rim countries with an opportunity to see and buy skinless pork, a novelty on the North American scene but the norm in the Japanese slaughtering industry.
Canadian hog production in 1990 totalled 14.8 million head, a decline of 5.2 percent from a year earlier. The West produced 35.3 percent of the total Canadian production. Total Canadian shipments of hogs to the USA dropped to 575,000, a decline of 15.5 percent.

Canadian total pork exports declined two percent to 231.7 million kilograms. The USA, again, was the major importer of Canadian pork in the amount of 174.6 million kilograms, down four percent. Exports to Japan totalled only 22 million kilograms, down an extraordinary 30 percent. Sales to other countries increased 44 percent with impressive export increases to both Mexico and Australia.

Saskatchewan's hog quality continued to show a major improvement. The average index for the year was 104.5 compared with 103.0 in 1989. In keeping with last year's performance, Saskatchewan continued to show the best results (lowest incidence) in the Agriculture Canada Sulfa-On-Site (SOS) drug residue testing program. Saskatchewan's violative level of 0.06 percent was the lowest in Canada.

D Hrapchak

Don Hrapchak
Sales Manager

"Markets were higher but did not follow the normal seasonal pattern of prices."

PORK PROMOTION

Through the combination of the Canada Pork Promotion program, supplemented by our own provincial programs, 1990 proved to be an excellent year for pork promotions.

One of Canada Pork's most important achievements of the year was the development of a Three Year Strategic Plan. This plan will ensure national and regional programs build upon each other to maximize their individual and collective effect.

We were involved with a number of restaurant promotions in 1990, including a very successful 6-week campaign carried out by The Keg restaurant chain. The "Lean Canadian Pork Loin Entree" promotion ran in 53 Canadian outlets and 16 American outlets during November and December. Because of the very favourable response to this campaign, The Keg launched a subsequent promotion in January 1991.

Overall, we were pleased with the variety and the number of this year's pork promotions, which included, for the third year in a row, the Canadian Airlines pork promotion.

In 1990, we launched two new foodservice pilot projects--summer resort promotions and high school cafeteria promotions. Based on the encouraging response to these projects, we have decided to expand both in 1991.

On a national level, a new trade newsletter was launched, called *Today's Pork Reporters*.

Retail merchandising material is now available in Saskatchewan Safeway stores via InfoShelf, a new information distribution system. Other major chains and retail outlets continue to receive their merchandising material through traditional methods.

In November and December the Crown Roast promotion was in full swing, with in-store posters, rail cards, free frills and recipes.

Canada Pork launched a national press release program and a pork editorial was sent to hundreds of newspapers and food writers across the country.

The newest target of Canada Pork's communications efforts is the health professional, especially doctors. A direct mail communication was sent to over 10,000 doctors in November. On a provincial level, we continue to send update material every year to Saskatchewan dieticians and nutritionists.

In order to become more directly involved with various medical and dietetic associations, we participated in a medical educational convention held in April. Saskatchewan Pork Producers Marketing Board sponsored a speaker and had an informative trade display at this convention.

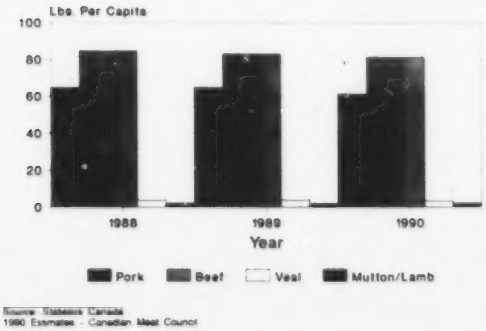
Agribition was again a success. The Agri-Ed Showcase gave adults and students a hands-on learning experience about pork—from production and marketing, to the final consumer product. In the Western Lifestyle Showcase, pork souvlaki, new from Canada Packers, was a hit. The traditional Bacon-on-a-Bun Booth returned a profit to the Board to assist with promotions.

The pork promotion expenditure for 1990 was a total of thirty-two cents per hog.

1990, the start of a new decade, promises continued growth in pork promotion.

Sharon Perkins
Promotions Manager

Per Capita Disappearance - Canada
Lbs. Per Capita - Carcass Weight Basis



Source: Statistics Canada
1990 Estimates - Canadian Meat Council

"One of Canada Pork's most important achievements of the year was the development of a Three Year Strategic Plan."

1990 DELEGATE ELECTION RESULTS

As official returning officer for the election of 5 delegates in each of the regions 2, 4 and 6, I oversaw the 1990 elections.

All nominations for the delegate positions had to be postmarked no later than February 28, 1990. The official number of nominations received were:

Region 2 - 6
Region 4 - 5
Region 6 - 4

Each region is allowed five delegates. Being there were only 5 and 4 nominations for Regions 4 and 6, respectively, an election in these two regions was not necessary. Therefore, the following nominations are declared delegates by acclamation for their appropriate region.

REGION 4

Ed Buhler	Aberdeen
Scott Gattey	Outlook
Tom Jansen	Beechy
Peter Unger	Hague
Harvey Wagner	Hague

REGION 6

Harold Fast	Spiritwood
Ben Gaudet	St. Isadore de Bellevue
Don Lidster	White Fox
Dean McDermott	Nipawin

Region 2 received enough nominations to hold a mail-in election. Ballots and return envelopes were mailed to all eligible voters in the region. An eligible voters list was generated by the Marketing Board. This list was used to check all returned voting envelopes to ensure voting eligibility and that no registrant voted more than once. The following summarizes the vote that took place:

REGION 2

No. of eligible voters	659
Total ballots returned	98
Spoiled or late ballots	4
Ballots counted	94
Return	14.8%
Return and counted	14.3%

"Saskatchewan continued to show the best results in the Agriculture Canada Sulfa-On-Site (SOS) drug residue testing program."

OFFICIAL VOTE COUNT FOR EACH CANDIDATE

REGION 2

Elected:

Art Crone, Moose Jaw	43
John George, Climax	46
Albert Jans, Maple Creek	54
Walter Yates, Gull Lake	32
Irvin Yorga, Flintoft	47

Defeated:

Ron Glenn, Climax	29

By election or through acclamation, I declare the following people delegates for their region.

REGION 2

Art Crone	Moose Jaw
John George	Climax
Albert Jans	Maple Creek
Walter Yates	Gull Lake
Irvin Yorga	Flintoft

REGION 4

Ed Buhler	Aberdeen
Scott Gattey	Outlook
Tom Jansen	Beechy
Peter Unger	Hague
Harvey Wagner	Hague

REGION 6

Harold Fast	Spiritwood
Ben Gaudet	St. Isadore de Bellevue
Don Lidster	White Fox
Dean McDermott	Nipawin

Dated this 30th day of March 1990

David Francis
Saskatchewan Agriculture Returning Officer

TECHNOLOGY TRANSFER PROGRAM

The Technology Transfer Program's objective is to provide quality information, particularly management information, to producers. The information helps producers to make better and more informed management decisions.

Management information has been transferred to producers in the following ways:

1. Mutual interest producer groups which meet regularly to exchange ideas and discuss new information and management techniques. These groups benefit from the resource people and information available through the Technology Transfer Program.

2. An extensive library consisting of 72 informational video tapes. In addition, a number of related management books and seminar proceedings are available for loan or purchase. This year has also seen the addition of audio cassettes to the library. This continues to be a popular program with producers.

3. Province - wide seminars, including the annual Pork Industry Symposium (November 1990), Saskatchewan Pork Expo (March 1990) and the Pork Production Seminars (October 1990). In addition, the Program organized a farrowing school and an A.I. workshop.

4. The Pork Industry Suppliers Directory — a catalogue of services and supplies available to Saskatchewan Pork Producers.

5. *The Manager*, a quarterly newsletter which provides producers with management information and notification of other program activities such as producer group meetings, farrowing schools or new tapes and books in the library. The newsletter has been well received.

Monique Tremblay
Coordinator

"...quality information, particularly management information... helps producers to make better and more informed management decisions."

1990'S TOP 21 PRODUCERS

Saskatchewan's "Top 21 Producer" pins were awarded at the annual Swine Symposium Banquet held November 14, at the Travelodge in Saskatoon. All producers who marketed through the SPPMB during the period January 1, 1990 to October 21, 1990 were eligible for the quality production awards.

The Board congratulates the following producers for their exemplary production achievement.

Marketing Category	Production Unit	Average Index**
Region #1		
1,500 and over	Dutch Farms, Regina	109.9654
500 - 1,500	Stevenson Farms, Whitewood	107.6377
500 and Under	Ronald W. Magel, Wolseley	108.0000
Region #2		
1,500 and Over	Bench Colony, Shaunavon	107.6754
500 - 1,500	J. Yorga Farms Ltd., Flintoft	106.2901
500 and Under	Harold Langendoen, Wymark	108.4616
Region #3		
1,500 and Over	Kyle Colony, Kyle	108.2703
500 - 1,500	Kevin James Walker, Rosetown	107.5043
500 and Under	Allan Holt, Biggar	109.7917
Region #4		
1,500 and Over	Riverview Colony Ltd., Saskatoon	108.2889
500 - 1,500	Lawrence Martinka, Saskatoon	109.1557
500 and Under	Lorne C. Willems, Waldheim	108.1154
Region #5		
1,500 and Over	Sascan Farms Inc., Lanigan	107.6184
500 - 1,500	Scott Crawford, Simpson	108.2670
500 and Under	Bradley Paulson, Raymore	107.4967
Region #6		
1,500 and Over	Radloff Farms, Star City	106.7875
*500 - 1,500	Neil MacDonald, Prince Albert	107.5319
	Harry Burke, Kinistino	108.4736
500 and Under	Allan Dancey, Star City	108.4974
Region #7		
1,500 and Over	Donald Kolla, Cudworth	108.2307
500 - 1,500	Florian Possberg, Humboldt	109.2469
500 and Under	Yves Lepage, Bruno	108.0798

"Saskatchewan's hog quality continued to show a major improvement."

* Because of a computer error in index calculation, two producers were awarded Top 21 certificates in the Region #6, 500 to 1,500 category.

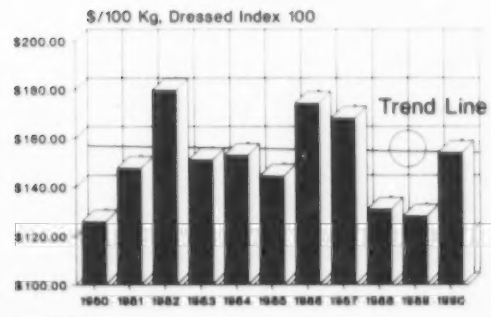
** Average index calculations include all hogs indexing 80 or over; dead or condemned hogs are not included.

Saskatchewan Weekly Pool Prices and Marketings - 1990

(Market Hogs - $/100 Kilograms, Dressed, Index 100)
(Sows - $/100 Kilograms, Dressed, No. 1, Heavy)

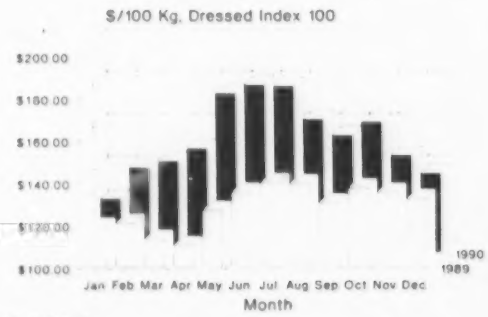
Week Ending	Market Hog Pool Price	Sow Pool Price	Deliveries
Jan 05	120.40	94.30	20073
Jan 12	123.10	95.40	21132
Jan 19	124.50	96.70	20585
Jan 26	128.00	96.30	19590
Feb 02	132.50	98.60	15586
Feb 09	139.10	99.50	22023
Feb 16	140.40	101.00	18192
Feb 23	140.50	101.00	20129
Mar 02	140.50	103.00	20831
Mar 09	141.10	103.10	19434
Mar 16	142.60	103.80	19449
Mar 23	143.70	104.10	20276
Mar 30	144.30	104.30	20555
Apr 06	148.60	104.30	18912
Apr 13	144.50	103.10	16801
Apr 20	146.10	106.10	20150
Apr 27	152.80	112.60	19348
May 04	157.50	116.00	18814
May 11	167.20	118.10	18215
May 18	175.20	126.00	18667
May 25	184.30	132.00	16522
Jun 01	186.50	135.50	19046
Jun 08	187.50	137.50	16825
Jun 15	182.10	138.00	18009
Jun 22	174.30	137.00	17815
Jun 29	172.10	127.00	19420
Jul 06	176.50	127.50	15431
Jul 13	178.10	127.00	19293
Jul 20	181.10	124.50	17375
Jul 27	178.20	125.50	18114
Aug 03	175.60	129.60	17591
Aug 10	169.20	130.50	17382
Aug 17	163.20	130.10	16978
Aug 24	158.50	128.30	17529
Aug 31	151.10	116.30	16870
Sep 07	148.60	114.10	15889
Sep 14	149.00	113.80	19164
Sep 21	156.10	118.30	18645
Sep 28	165.70	122.50	17937
Oct 05	164.80	122.50	19629
Oct 12	163.70	127.60	16324
Oct 19	163.90	128.40	18945
Oct 26	160.10	127.10	18494
Nov 02	149.50	118.50	18303
Nov 09	148.10	118.50	18704
Nov 16	143.20	113.50	17302
Nov 23	143.10	107.80	17961
Nov 30	145.90	108.50	18275
Dec 07	142.00	102.20	18436
Dec 14	134.90	88.60	18660
Dec 21	134.10	84.50	17375
Dec 28	137.10	82.50	8424

Saskatchewan Average Hog Prices
1980 to 1990



Source: SPPMB

Saskatchewan Monthly Average Hog Prices
1989 - 1990



Source: SPPMB

"...we are continuing to develop a program to provide producers with the option of electronic banking."

STATISTICAL SUMMARY

Production Units and Sales by Electoral Region

Region	Animals Sold	Number of Production units
1	300	61,714
2	487	187,425
3	737	166,822
4	460	168,068
5	405	72,983
6	775	125,781
7	392	143,348
Out of Province	63	35,086
Totals	3,619	961,229

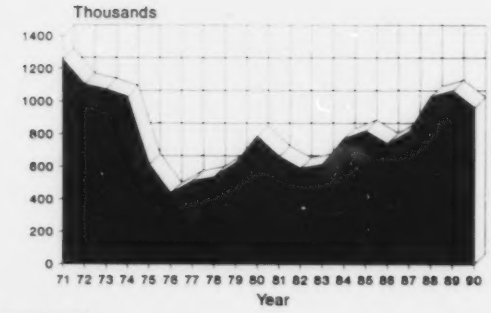
Source : SPPMB

1990 Central Yard Volumes

St. Gregor	65,347
Swift Current	61,653
Maple Creek	60,809
Prince Albert	39,709
Melfort	35,216
Regina	33,550
Redvers	29,387
Luseland	27,150
North Battleford	24,194
Arborfield	19,925
Yorkton	19,103
Lloydminster	13,006
Whitewood	9,072
Assiniboia	6,149
Moose Jaw	5,193
Total	449,463
Percent total volume	46.76%

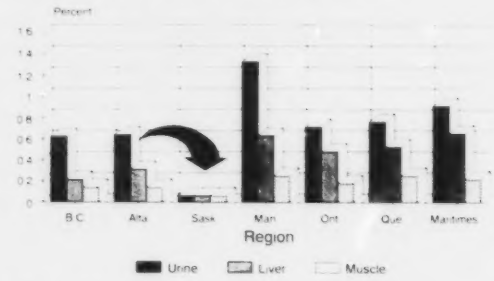
Source: SPPMB

Saskatchewan Hog Settlements
1971 to 1990



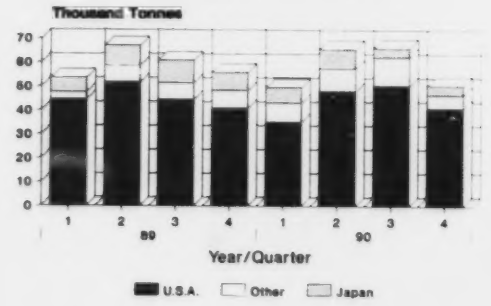
Source: SPPMB

Percent Violations 1990
Urine - SOS - Muscle & Liver Lab Confirmed



Source: Agriculture Canada

Canadian Pork Exports
By Quarter - 1989 - 1990



"...we were pleased with the variety and the number of this year's pork promotions..."

STATISTICAL SUMMARY

Producer Profile - 1990

Sales	Number of Units	Number of Animals
1-100	2,138	54,472
101-200	323	47,501
201-500	412	133,860
501-1,000	221	152,746
1,001-2,000	109	144,043
2,001-4,000	48	131,059
4,001-and over	41	265,457
Totals	3,292	929,138

Source: SPPMB
Note: Number of Animals - Market hogs only.

SHARP

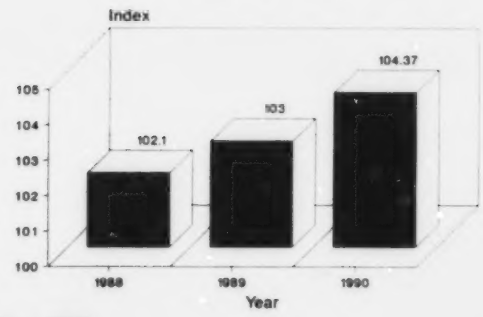
Payout by Quarter
1990

First Quarter	$1,145,321.74
Second Quarter	190,091.50
Third Quarter	248,506.57
Fourth Quarter	371,599.59
Total	$1,955,447.40

Source: SPPMB

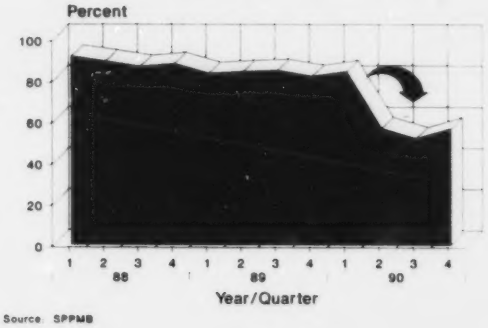
Note:
As stipulated by the National Tripartite Stabilization Program, from January 1, 1990 to March 31, 1990, SHARP payment were reduced to 30 percent of normal and from April 1, 1990 to December 31, 1990, payments were phased down to 10 percent of normal. SHARP will be completely phased out as of March 31, 1991.

Average Index - Saskatchewan
1988 - 1989 - 1990



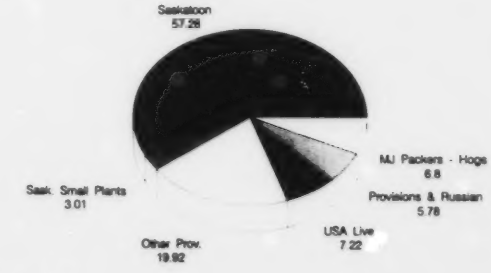
Source: SPPMB

Intercontinental Packers Slaughter
As Percent of Total Deliveries



Source: SPPMB

Destination of Saskatchewan Hogs
Percent Of Total - 1990



Source: SPPMB

"The Board was a major supplier in the first-ever Canadian pork sale to the USSR."

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1990

AUDITOR'S REPORT

To the Board of Directors of the
Saskatchewan Pork Producers Marketing Board

I have audited the consolidated balance sheet of the Saskatchewan Pork Producers Marketing Board as at December 31, 1990 and the consolidated statements of operations and unappropriated equity and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

W. K. Strelioff

Regina, Saskatchewan
February 22, 1991

W. K. Strelioff, C.A.
Provincial Auditor

Statement 1

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD
CONSOLIDATED BALANCE SHEET
As at December 31

	1990	1989
ASSETS		
Current		
Cash	$ 287,403	$ 135,162
Accounts receivable	165,132	250,635
Prepaid expenses	86,280	74,066
Due from Producers' Trust Fund	785,841	1,848,989
	1,324,656	2,308,852
Fixed assets (Note 3)	1,454,201	1,294,413
Long term investment	253,299	226,222
	3,032,156	3,829,487
Producers' Trust Fund assets (Note 7)	2,493,994	4,237,094
	$5,526,150	$8,066,581
LIABILITIES AND EQUITY		
Current		
Bank overdraft	$ ---	$ 202,347
Accounts payable		
- trade and accrued liabilities	257,007	312,333
- SHARP	49,307	73,085
- Tripartite scheme	342,501	363,593
- Canadian Pork Council Countervail Duty Contingency Fund (Note 10)	---	323,678
	648,815	1,275,036
Mortgage payable	---	398,233
	648,815	1,673,269
Producers' Trust Fund liabilities (Note 7)	2,493,994	4,237,094
Equity		
Unappropriated equity (Statement 2)	2,047,505	1,850,311
Reserves (Note 5)	335,836	305,907
	2,383,341	2,156,218
	$5,526,150	$8,066,581

(See accompanying notes)

Chairman R.C. Wright

General Manager

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD
CONSOLIDATED STATEMENT OF OPERATIONS AND UNAPPROPRIATED EQUITY
Year Ended Decemb[illegible]31

	1990	1989
Revenue:		
Marketing levy (Note 4)	$1,263,226	$1,131,289
Central yard	1,639,932	1,736,949
Transit insurance premiums	366,789	335,575
Transportation	791,144	549,263
Interest	180,750	138,730
SHARP net administration revenue	68,804	64,411
Rent	61,452	95,806
Sundry	107,955	119,185
Total revenue	4,480,052	4,171,208
Expenditure:		
General (Schedule A)	1,681,409	1,567,369
Central yard operations (Schedule A)	1,651,720	1,777,222
Transportation (Schedule A)	735,441	533,875
Transit insurance operations	228,436	226,894
Total expenses	4,297,006	4,105,360
Income from operations	183,046	65,848
Investment income from Moose Jaw Packers (1974) Ltd.	44,077	30,971
Net income for the year	227,123	96,819
Unappropriated equity at beginning of year	1,850,311	1,487,142
	2,077,434	1,583,961
Appropriated (Note 5)		
Market development reserve	---	277,852
Research reserve	(29,929)	(11,502)
Unappropriated equity at end of year (Statement 1)	$2,047,505	$1,850,311

(See accompanying notes)

Statement 3

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31

	1990	1989
Cash provided by (used in) operating activities:		
Net income for the year	$ 227,123	$ 96,819
Adjustments for items not involving cash (receipts) or payments		
- investment income from Moose Jaw Packers (1974) Ltd.	(44,077)	(30,971)
- depreciation	160,800	116,368
- loss (gain) on disposal of fixed assets	16,860	(6,175)
	360,706	176,041
Net change in non-cash working capital balances, related to operations (Note 8)	712,563	(443,680)
Cash provided by (used in) operating activities	1,073,269	(267,639)
Cash provided by (used in) investment activities:		
Capital expenditures	(341,005)	(393,294)
Dividend income - Moose Jaw Packers (1974) Ltd.	17,000	17,000
Proceeds on sale of fixed assets	3,557	12,300
Cash (used in) investment activities	(320,448)	(363,994)
Cash provided by (used in) financing activities:		
Mortgage repayment	(398,233)	(7,940)
Cash (used in) financing activities	(398,233)	(7,940)
Net increase (decrease) in cash during the year	354,588	(639,573)
Cash position, beginning of year	(67,185)	572,388
Cash position, end of year	$ 287,403	$ (67,185)
Represented by:		
Cash and short term investments	$ 287,403	$ 135,162
Bank overdraft	---	(202,347)
	$ 287,403	$ (67,185)

(See accompanying notes)

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1990

1. Authority

The Saskatchewan Pork Producers Marketing Board was established by Order in Council 59/84 pursuant to section 14 of The Natural Products Marketing Act to market hogs in Saskatchewan. Effective January 1, 1991, the Natural Products Marketing Act was repealed and the Board continues under section 34 of the Agri-Food Act.

2. Summary of Significant Accounting Policies

These financial statements report the levies charged and the Board's activities in the use of those levies.

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Board and its wholly owned subsidiary, Krop Transport Ltd. (KROP). KROP was acquired by the Board on March 29, 1989.

b) Long Term Investment

Long term investment consists of an investment in Moose Jaw Packers (1974) Ltd. over which the Board has significant influence. This investment is accounted for using the equity method.

The difference between assigned acquisition cost and the underlying net book value of assets of Moose Jaw Packers (1974) Ltd., at the date of purchase, amounting to $93,000 is being amortized on a straight-line basis over the service life of the assets.

c) Fixed Assets

Fixed assets are recorded at cost and depreciated on a straight line basis, over their estimated useful lives. The rates of depreciation range from 5% to 20% per annum.

d) Producers' Trust Fund

The Producers' Trust Fund was established to collect funds from hog buyers and then to remit these proceeds net of deductions for shipping, insurance, Board levies and other charges, to the producer.

e) Transit Insurance

The Board administers a program of self-insurance with respect to transportation of hogs. In accordance with this program the Board receives premiums from producers and makes payments in settlement claims resulting from the loss of hogs in transit. Any surplus deficit in this program becomes the Board's revenue or expenditure each year.

3. Fixed Assets

	1990			1989
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 186,159	$ ---	$ 186,159	$ 186,159
Buildings	1,331,485	465,147	866,338	729,614
Equipment	883,050	481,346	401,704	378,640
Total	$2,400,694	$946,493	$1,454,201	$1,294,413

4. Marketing Levy

A marketing levy is retained by the Board representing 1.2% of the gross value of hog sales.

Central yard revenue includes $298,549 (1989 - $270,876) of marketing levy as well.

In addition, the Board collects National Tripartite scheme levies and Saskatchewan Hogs Assured Returns Program (SHARP) levies from the producers and remits these levies to the respective programs. These levies are not treated as revenue of the Board.

5. Reserves

Reserves are established by the Board for specific purposes as below. Amounts are appropriated from (to) the unappropriated equity annually as determined by the Board of Directors.

i) Market Development Reserve

An amount of $400,000 was received in 1973 from the Department of Agriculture and Food for the purpose of assisting in the promotion and development of export markets for Saskatchewan pork and pork products. Subsequent to 1973, an amount equal to the net cost of the market development activities has been appropriated from this reserve by the Board every year. In 1989, the Board decided to close this reserve and transfer the balance to unappropriated equity.

ii) Research Reserve

In 1984, the Saskatchewan Pork Producers Marketing Board received an amount of $130,000 from the Government of Saskatchewan to fund research, promotion and producer education. Subsequent to 1984, an amount equal to a portion of the marketing levy designated by the Board less the related research expenses has been appropriated to this reserve by the Board every year.

Reserve Balances

	Market Development	Research Reserve	Total
Balance, January 1, 1990	$ ---	$305,907	$305,907
Appropriated in 1990	---	29,929	29,929
Balance, December 31, 1990	$ ---	$335,836	$335,836

6. Related Party

The Board has a sufficient percentage of the outstanding common shares of Moose Jaw Packers (1974) Ltd. (the Company) to be able to exercise significant influence over the Company. Therefore, the Company is considered to be a related party.

The Board acts as a guarantor of a line of credit and long term loans for the Company. As at December 31, 1990, the Board's outstanding contingent liability amounted to $485,000.

Included in the Producers' Trust Fund, assets and liabilities are balances resulting from routine operating transactions conducted at prevailing market prices with this Company.

7. Producers' Trust Fund

	1990	1989
Trust fund assets are comprised of:		
Cash	$ 567,754	$ 661,903
Accounts receivable	1,656,037	3,365,720
Processed pork for resale	270,203	209,471
	$2,493,994	$4,237,094
Trust fund liabilities are comprised of:		
Accounts payable - Producers	$1,333,013	$1,977,203
- Others	375,140	410,902
Due to Board	785,841	1,848,989
	$2,493,994	$4,237,094

8. Non-Cash Working Capital Changes

	1990	1989
Accounts receivable	$ 85,503	$(149,535)
Prepaid expenses	(12,214)	(17,616)
Due from trust	1,063,148	(758,304)
Accounts payable	(423,874)	481,775
	$ 712,563	$(443,680)

9. Commitments

a) Commencing January 1, 1991, the Board has agreed to contribute to the construction of a feeder barn at the Prairie Swine Centre. The maximum annual commitment for this project is $250,000 for three years. The Board has also agreed to contribute annually $20,000 for three years to the VIDO Swine Research Chair.

b) The Board is committed to capital expenditures in the amount of approximately $165,000.

10. U.S. Countervailing Duty

In accordance with the agreement, between the Canadian Pork Council and the Board dated October 23, 1989, the Board collected, from the producers, a specified amount per hog marketed by the Board as contribution to a fund established by the Council.

The accumulated fund balance will be used to reimburse Canadian pork exporters any additional countervailing duty paid by these exporters under U.S. Countervailing Duty Order of September 13, 1989 for pork exported to the U.S. during the period September 13, 1989 to March 31, 1990.

This countervailing duty order is currently being reviewed by the U.S. authorities with a view to eliminating this duty. In the event of this duty being eliminated, the Board will receive its pro rata share of this fund balance amounting to approximately $819,000 from the Council. In addition, the Board may receive a refund of approximately $220,000 from U.S. authorities for duty paid by the Board on U.S. pork exports.

As the outcome of this review is as yet uncertain, no receivable or payable has been set up in the financial statements.

The above transactions will be accounted for through the Producer Trust fund when the matter is finally settled.

Schedule A

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD
SCHEDULE OF EXPENDITURE
Year Ended December 31

	1990	1989
GENERAL		
Advertising and producer information	$ 59,886	$ 74,286
Automobile and travel	64,342	44,597
Building rent and maintenance	59,284	61,966
Directors' and delegates' expense	103,412	91,056
Communications	92,816	91,449
Computer services and maintenance	87,440	85,731
Depreciation and amortization	66,230	41,265
Interest and bank charges	54,119	66,529
Printing, postage and stationery	71,853	80,625
Professional services	4,980	3,606
Salaries and employee benefits	491,032	472,532
Sundry	95,422	107,951
Canadian Pork Council fees	84,052	64,851
Grants, dues and related expenditures	70,294	92,760
Pork promotions	276,247	188,165
	$1,681,409	$1,567,369
CENTRAL YARD OPERATIONS		
Depreciation	$ 46,764	$ 44,114
Salaries and employee benefits	160,110	153,179
Trucking	1,079,518	1,203,009
Yard rentals	204,576	215,629
Property taxes and utilities	46,690	46,452
Repairs and maintenance	33,415	36,807
Other	80,647	78,032
	$1,651,720	$1,777,222
TRANSPORTATION		
Trucking	$ 470,702	$ 330,031
Repairs and maintenance	89,398	59,182
Salaries and employee benefits	47,449	30,855
Brokers fees	41,001	26,817
Depreciation	47,806	30,989
Insurance and licenses	25,074	39,157
Other	14,011	16,844
	$ 735,441	$ 533,875

Saskatchewan Pork Producers Marketing Board

Producer Regions